

EXECUTIVE SECRETARIAT

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Executive Secretary

7/11/83

Date

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 6, 1983

M-83-20

MEMORANDUM FOR: HEADS OF DEPARTMENTS AND AGENCIES
FROM: JOSEPH R. WRIGHT, JR.
SUBJECT: Internal Control Systems

This is a followup to a joint memo from Comptroller General Bowsher and me, dated October 8, 1982.

The memo dealt with implementation of the Federal Managers' Financial Integrity Act (P.L. 97-255). The Act requires that department and agency heads report each year to the President and the Congress on how well their internal management systems are working. Implementation of the Act has been made a top priority of the President's Reform '88 Program.

In the memo we pointed out that OMB and GAO planned to work together very closely in implementing the Act. During the past year we have coordinated the issuance of GAO internal control standards and OMB guidelines for evaluating, improving and reporting on internal control systems. In addition OMB teams, which have included GAO members, visited agencies to assess the progress made to date, exchange information on effective techniques developed by the agencies, and otherwise provide technical assistance.

The GAO is about to begin an independent review of progress and problems experienced in implementing the Act during the first year. We understand that GAO will attempt to identify examples of effective implementation as well as lessons learned and common problems experienced. In order to avoid potential duplication of work in reviewing agencies' efforts, GAO will coordinate with OMB and consider work performed by us, agencies' Inspectors General, and internal audit staffs.

The major objectives for this first year GAO effort will be to review agencies' processes for evaluating and improving internal control systems, and to review agency reports to assure that all known material internal control weaknesses are identified and plans made for taking corrective actions. Initial field work is intended to familiarize GAO staff with the agency processes. Attached is a list of departments and agencies where GAO will be concentrating its efforts.

This review has our full support and encouragement. We believe it is an essential element of effective implementation of the Federal Managers' Financial Integrity Act, and of the Administration's program to strengthen management control systems throughout the Government. We know that we and GAO can count on your cooperation.

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AGENCIES AND DEPARTMENTS
GAO WILL ASSESS

Department of Agriculture

Department of Commerce

Department of Army

Department of Navy

Department of Air Force

Other Defense Agencies

Department of Education

Department of Energy

Department of Health and Human Services

Department of Housing and Urban Development

Department of Interior

Department of Justice

Department of Labor

State Department

Department of Transportation

Department of Treasury

General Services Administration

National Aeronautics and Space
Administration

Small Business Administration

Veterans Administration